MINUTES OF MEETING OF BOARD OF TRUSTEES OF THE
CITY OF NEWPORT NEWS EMPLOYEES’ RETIREMENT FUND

January 26, 2017
City Council’s Conference Room/Tenth Floor
9:00 a.m.

Roll Call: JoAnn Armstrong (X), Bill Eastburn (X), Art Gudikunst (X), Pax Goodson (X), Philip Hatchett (X), Frank James (X), Greg Kubilins (X), Zoe Lumpkin (X), Eddie Harrah (E), Patrick Murphrey (X), Marty Eubank (E), Bill Keeler (X), Cathy Matthews (X), Tom Mitchell (X), Tonya O’Connell (X), Brian Sypolt (X), Jen Etcher (X)

Others Present: Susan Goodwin, Engineering Dept.
Retirees (2)

1. Call to Order:

Mr. Mitchell called the Retirement Board meeting to order at 9:03 a.m. on January 26, 2017 in the City Council’s Conference Room, 10th Floor.

2. Elections of Chair and Vice Chair:

Mr. Mitchell opened the floor for nominations for Chairman of the City of Newport News Retirement Fund.

Approved Upon motion duly made and seconded, the Board unanimously elected Mr. James as the Chairman of the Retirement Board for calendar year 2017.

Mr. James opened the floor for nominations for Vice Chairman of the City of Newport News Retirement Fund.

Approved Upon motion duly made and seconded, the Board unanimously elected Mr. Eastburn as the Vice Chairman of the Retirement Board for calendar year 2017.

The Chairman thanked everyone for allowing him to serve as the Chairman for a fourth term, and announced committees and assignments for the Board for 2017.

Approved Upon motion duly made and seconded, the Board unanimously approved the committees and assignments for the Board for 2017.

The Chairman offered some thoughts and reflections on 2016, reminding the Board that the balance in the Funds was $835 million at January 1, 2016 and had increased to $889 million at December 31, 2016. He noted some of the changes in the Board membership due to term limitations, welcomed Pax Goodson to the Retirement Board, and acknowledged the importance of the work done by each committee, especially the Investment Committee for their oversight of the Fund’s investments and adherence to the Asset Allocations and Investment Guidelines. He thanked the employee representatives, who are elected by their peers, for being the conduit of information between the Plan members and the Board. He mentioned the upcoming Experience Study by the Plan actuary and the change to the new Custodian Bank, both of which will be completed in the next six months. He thanked staff for their continuing efforts to insure that
retiree benefits are computed correctly and the retirees who attend the Board meetings regularly for their feedback and support of the Board.

3. Minutes of the Meeting of December 15, 2016:

Upon motion duly made and seconded, the minutes of December 15, 2016 were unanimously approved.

4. Committee on Investments:

Mr. Gudikunst provided a review of the Funds for December.

   a. Assets as of December 31, 2016:

      |              |               |
      |--------------|---------------|
      | Pension      | Post Retirement |
      | $859,947,733 | 29,889,171    |

      Total: $889,836,904

Mr. Gudikunst briefly discussed with the Board the performance of each asset class of the Fund noting that the Fund has earned a 7.6% fiscal year to date return. Nine of the active managers have done well in fiscal year 2017 and have beaten their benchmarks. Mr. Gudikunst mentioned that the Committee briefly discussed the investment policies and guidelines as it relates to NNERF investments. The Committee has asked Mr. Dahab to come to the February meeting to review and discuss the NNERF Investment Policy and Guidelines, especially with several new members on the Committee. Mr. Gudikunst also mentioned that the Committee discussed how often should the Committee review the asset allocation and rebalance the funds. The Committee asked Mr. Dahab to come back to the March meeting with a study on the current asset allocation for Pension and with any possible suggestions.

   b. Timberland Acquisition - Update:

Mr. Gudikunst updated the Board on a potential solar power lease opportunity on a large (approximately 750 acres) portion of NNERF property located in Burke County, Georgia. After discussing, the Committee unanimously agreed to recommend that the Retirement Board approve the letter of intent and authorize Regions to proceed with negotiating the terms of the solar lease project.

   Approved Upon motion duly made and seconded, the Board unanimously agreed to approve the letter of intent and authorize Regions to proceed with negotiating the terms of the solar lease project.

5. Committee on Administration:

   a. Retirement Estimates - Active Employees:

Mr. Hatchett updated the Board on a schedule that is maintained by the Finance Department showing active employees who have requested retirement estimates. The Committee expressed concerns if there was anyone checking to see if estimates were completed and provided to employees in a timely manner. Mr. Hatchett mentioned that the Committee has asked Staff that a spreadsheet be included in the monthly packet provided to the Retirement Board. After
reviewing the spreadsheet provided, Mr. Hatchett thanked the Staff for their work in providing estimates to the employees in a timely manner.

b. Request for consideration from retiree:

Mr. Mitchell mentioned to the Board that the Committee had considered a request from a retiree for an abatement of an overpayment of her retirement annuity. The retiree retired from Newport News Public Schools in 2003 under a code provision which provided that a full benefit from NNERF would be paid until she reached age 55, at which time she would be eligible for a Virginia Retirement System (VRS) retirement annuity. Due to a clerical error by the Finance Department, the retiree did not receive notice prior to turning age 55 on January 3, 2014, that her benefit would be reduced and she should apply for her VRS pay.

The Retiree should have been notified in late September or early October of 2013 that her benefit would decrease, and that she should apply for her VRS benefit. The Retiree was not provided notification until September of 2014 and therefore did not realize that she needed to register with VRS to start receiving her benefit. When she contacted VRS in September of 2014, her benefit was awarded and she received three months of retroactive benefit payments back to July of 2014. However, she did not start receiving monthly payments from VRS or the lump sum payment until January of 2015.

The overpayment that the retiree received as a result of staff error was $7,130.98, representing the excess amounts paid to her from February of 2014 through September of 2014. In addition to the $7,130.98, at the retiree’s request, she continued to receive the NNERF payments through December of 2015 until she could receive VRS funds. She was aware that she would need to repay those additional payments to her made after August of 2014. The amount of the excess payments from September of 2014 through December of 2014 was $4,261.65, bringing the total overpayment to the retiree to $11,392.63.

The Retiree agreed to repay the NNERF starting in February of 2015 by applying the revised monthly NNERF annuity due to her ($180.67) to the overpayment. To date, the retiree has provided reimbursement to the fund of $4,155.41 by applying her annuity payments from February of 2015 through December of 2016 to the amount owed to the City. After discussing, the Committee on Administration unanimously agreed to recommend that the Retirement Board approve waiving 5 months of overpayments totaling $5,083.40.

The Board further discussed the request made by the retiree and the motion made by the Committee on Administration. The Board asked Staff how many other possible employees fall under this code provision. Staff responded that only a handful would qualify. After discussing, a motion was made to table the review of the retiree’s request of the abatement of the annuity overpayment until the February meeting, when further information would be provided.

Approved

Upon motion duly made and seconded, the Retirement Board, with an Affirmative 7-0-1 vote, with Mr. Goodson abstaining, agreed to table the review of the retiree’s request of the abatement of the annuity overpayment until the February meeting when further information would be provided.
6. Benefits and Welfare Committee:
   a. There was no business for discussion.

7. Disability Review Committee:
   a. Disability Members:

Ms. Armstrong informed the Board that Finance staff presented the Committee with 17 disability files of individuals who have previously been awarded disability from the Newport News Employees Retirement Fund. Ms. Armstrong mentioned that the Committee reviewed the files and determined they would like to refer 12 of the files to Dr. Lee for a records review to determine if those 12 individuals would be candidates for re-evaluation regarding their disability status. Finance staff delivered copies of the 12 files to Dr. Lee’s office and will present his results to the Committee once he finishes his review of the files.

8. Old Business:
   a. Custodian Bank – Update:

Mr. Murphrey updated the Board that the City Attorney’s office is in the final stages of working with Wilmington Trust on the contract. Mr. Murphrey mentioned that initially all previous minutes only referenced the NNERF. After brief discussion, Mr. James made a motion that the Retirement Board certify and affirm that the decisions and/or actions concerning Wilmington Trust made and/or taken at the September 29, 2016 and December 15, 2016 meetings of the Board includes and extends to the City of Newport News Employees’ Post-Retirement Health and Welfare Benefits Fund (also known as the “OPEB” fund).

Upon motion duly made and seconded, the Retirement Board unanimously agreed to certify and affirm that the decisions and/or actions concerning Wilmington Trust made and/or taken at the September 29, 2016 and December 15, 2016 meetings of the Board includes and extends to the City of Newport News Employees’ Post-Retirement Health and Welfare Benefits Fund (also known as the “OPEB” fund).

9. New Business:
   a. Excused Absence from the Board Meeting:

Mr. Harrah asked to be excused due to a prior commitment.

   b. Next Meeting:

   **February** Board meeting will be **Thursday, February 23, 2017 at 9:00 am.**
c. Adjournment:

There being no further business to come before the Board, the meeting adjourned at 10:15 a.m.

A true copy, attest:

Tom Mitchell, Secretary
Board of Trustees